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PEPSI-COLA COMPANY

Annual Report

1944



Annual Report

1944

Pepsi-Cola Company



HONOR ★

EMPLOYEES OF THE MAIN OFFICE AND PLANTS NOW IN THE ARMED SERVICE

Missing in Action

BAKEWICZ, B.
FERGEN, E.
HARLEY, E.
MONAGHAN, JAMES
OLSON, C.
PAPPALARDO, A.
PFEIFFER, W.
SERVAN, N.
VESCI, S.

ABEL, L.
ABRAMS, J.
ADAM, JOSEPH
AGOSTA, T.
AHEARN, R.
AIELLO, W.
ALBANESE, L.
ALBERTSON, A.
ALOISI, L.
ALTER, W.
ALVAREZ, A.
AMANN, J.
AMAROSA, M.
AMRHEIN, H.
ANDERSON, G.
ANDERSON, P.
ANDIORIO, A.
ANDRISANI, B.
ANDRYSIAK, F.
ANNESSA, J.
ANNUNZIATA, C.
ANSENBERGER, C.
ANTOSZ, J.
ARBITELLO, R.
ARNOLD, W.
ASHCRAFT, T.
ASKIN, J.
ASKIN, R.
AUSTIN, HOMER
AUSTIN, HUGH

BADOLATO, A.
BALDWIN, C.
BALDWIN, R.
BANDERA, K.
BANKOWSKY, M.
BANKS, E.
BARBARITE, R.
BAREFOOT, C.
BARILLARI, B.
BARONE, P.
BARTHA, E.
BASS, M.
BECKER, F.
BECKERMAN, B.
BELCHER, G.
BELLONTONI, R.
BENANTE, C.
BENNETT, W.
BERAN, S.
BETTENDORF, F.
BERKOWITZ, A.
BINGHAM, A.
BLAKE, W.
BLAES, M.
BLAND, D.
BLASTON, J.
BLUMENFELD, S.
BODEN, W.
BOFILL, D.
BONNER, C.
BOPP, H.
BOROZNA, A.
BOTT, E.
BOYEN, W.
BOYLE, F.
BRAMANTE, S.
BREEN, H.
BREHME, R.
BREIDER, A.
BREUER, M.
BRITTON, T.
BRONER, B.
BROWN, L.
BROWN, P.
BROWN, R.
BRUNI, M.
BRUNO, L.

BUCHANAN, C.
BUCHHOLZ, E.
BURKE, W.
BUSCH, A.
BUSICHIO, P.
BUTIKIS, A.

CADLEY, M.
CALICIOTTI, S.
CAJOLET, M.
CANCELLIERI, J.
CANNIZZARRO, J.
CARLEY, P.
CARNEY, F.
CARR, E.
CARREALE, P.
CARTER, D.
CASEY, R.
CEA, FRANK
CEA, P.
CHASE, W.
CHAVEZ, H.
CHERVEN, H.
CHILDS, R.
CHOVANEC, L.
CHYTALO, D.
CIACCIO, E.
CIACCIO, M.
CICHOCKI, S.
CIESLAK, W.
CLEGG, B.
CLERICO, J.
COFFEY, J.
COHEN, C.
COHEN, J.
COLOSURDO, N.
COLYER, L.
COMBS, C.
CONKLIN, W.
CONNOLLY, E.
CORCQS, J.
COSTELLO, L.
COWLEY, J.
CRIVELLI, B.
CRIVELLI, S.
CROWLEY, W.
CULLEN, J.
CULLEN, W.
CUMMINGS, G.
CURL, J.

DACUNTO, L.
DANEY, F.
DAVIS, J.
DECKER, F.
DE FILIPPIS, W.
DEGENER, H.
DEL BAGNO, P.
DE MAILLE, H.
DEMEO, R.
DEREN, G.
DERWIN, M.
DEVINE, G.
DEVINE, W.
DE VOE, J.
DI BENEDETTO, A.
DE BELLA, F.
DE BERNARDO, A.
DI GIACOMO, R.
DIORIO, C.
DI LORENZO, L.
DI PALMA, A.
DI SALVO, A.
DISERT, R.
DODD, J.
DOERING, J.
DOHERTY, W.
DOLCE, J.

DONNER, G.
DOWNS, J.
DRAIN, H.
DRESCHER, A.
DROZDOWSKI, T.
DU BOIS, E.
DUDLEY, E.
DUNN, V.
DURSO, A.
DVORAK, E.

EARLY, W.
EDWARDS, FRANK
EDWARDS, JOHN
ELIA, D.
ELLINGSEN, R.
ELLIS, J.
ELLISON, E.
EMERY, A.
ERAMUS, S.
ERICKSON, E.
EVANS, W.
EVERS, F.

FAHEY, J.
FAIRCHILD, F.
FALLS, J.
FANELLI, N.
FARRELL, J.
FARRELL, R.
FELLINGHAM, J.
FERRAZOLI, A.
FIGUEROA, F.
FISCHER, C.
FITZGERALD, C.
FITZSIMMONS, J.
FITZSIMMONS, R.
FLANNERY, A.
FLOYD, L.
FOLEY, G.
FRANKLIN, D.
FRASER, M.
FRAZIER, C.
FREEMAN, E.
FRIEDMAN, A.
FUHRMANN, J.
FUNICELLO, J.

GAA, K.
GADDIS, R.
GADEL, A.
GAFFNEY, J.
GAINFORT, H.
GALLUZZO, A.
GALLUZZO, E.
GASTIGER, C.
GEE, B.
GEHA, J.
GEMUENDT, F.
GEORGIANNA, F.
GERSTENMEIER, F.
GIARRAFFA, J.
GIGLIOTTI, F.
GILBERT, E.
GILDEA, R.
GLENN, N.
GLENNON, T.
GLOVAN, E.
GLOVAN, J.
GOEHNER, K.
GOLINI, F.
GOODMAN, J.
GRANDAL, J.
GRANT, J.
GRANT, L.
GRECO, J.
GRECCO, W.
GRIER, R.

GRISSON, K.
GRIFFIN, R.
GROCHOWSKI, A.
GROCHOWSKI, S.
GROSS, G.
GRUSZ, T.
GUEST, R.
GUILLORY, H.
GUMIN, B.

HAASE, W.
HACKETT, J.
HAHN, W.
HAHNER, J.
HAJDUZYK, A.
HALAJIAN, S.
HALL, J.
HALLETT, W.
HANNA, F.
HANNON, J.
HANSEN, G.
HARE, R.
HARLESS, H.
HARMON, D.
HARRINGTON, J.
HARRIS, H.
HARRIS, L.
HARRISON, T.
HARRY, E.
HARTRIDGE, G.
HASHER, C.
HATRICK, J.
HAUSE, W.
HAYDEN, V.
HEAD, H.
HEADSPETH, A.
HEFFERNAN, J.
HEIN, H.
HEISELMAN, W.
HENZLER, B.

HERTZ, W.
HILLEY, P.
HINCKLEY, G.
HINES, J.
HINSON, B.
HIPSCHMAN, J.
HOFFMAN, C.
HOFFMAN, R.
HOLLOWAY, J.
HOLMES, I.
HOLODNAK, H.
HOPSON, L.
HOUDE, W.
HOURIHAN, J.
HOWE, W.
HUGHES, R.
HUNT, J.
HUNTER, C.
IGNASIAK, W.
IGNERI, J.
IVY, R.
IWANOWSKI, J.
IWERTSEN, E.
JACKSON, J.
JACKSON, J. L.
JEROME, H.
JOHNSON, J. A.
JOHNSON, JOHN
JOHNSON, W.
JOHNSON, WM.
JOHNSTON, J. E.

JOHNSTON, E. P.
JONELUNAS, J.
JURIS, M.

KADELSKI, E.
KANE, E.
KAPLAN, M.
KARCHER, E.
KARKOTA, J.
KARWOSKI, F.
KARYDES, N.
KAUFMAN, G.
KEADY, J.
KELLER, H.
KELLEY, R.
KELLY, P.
KELLY, V.
KENEALLY, J.
KENNEALLY, J. W.
KENNEY, M.
KING, MARVIN
KING, P.
KIRKMAN, J.
KISTINGER, J.
KLUG, P.
KLUKIEWSKI, F.
KNORR, G.
KOCH, C.
KOJESZEWSKI, J.
KOONCE, R.
KOPHER, A.
KOSTER, J.
KUBEK, G.
KOWALCZYK, J.
KOZTKOWSKI, E.
KSZESINSKI, H.
KURTZ, R.
KUSLUCH, L.
KWIATKOWSKI, F.

LABIAN, W.
LACHDICK, W.
LA GASSE, R.
LAISO, S.
LANGER, P.
LAPINSKAS, W.
LAVANCO, G.
LAWSON, W.
LAX, J.
LAYER, G.
LEACOCK, R.
LEAHY, D.
LEAVITT, H.
LEHECKA, A.
LEHN, J.
LEHN, T.
LEKOS, P.
LENT, E.
LENTINO, M.
LEONARD, A.
LE ROY, G.
LESSEY, J.
LESSA, D.
LEWIS, G.
LEYDON, R.
LIBERATORE, A.
LICONTI, C.
LINTHICUM, F.
LIPUMA, C.
LITKE, R.
LITTLE, P.
LITTLE, C.



ROLL



Killed in Action

ATKINSON, S.
BAKER, GEORGE
EDGERLY, R.
GUZOSKI, T.
McCARTHY, PAUL
MEUSSNER, E.
PETTINGILL, G.

THIS DOES NOT INCLUDE ANY EMPLOYEES
OF THE 486 FRANCHISE BOTTLERS

LOCKE, R.
LODER, W.
LOFQUEST, R.
LOMBO, J.
LONGO, F.
LOPEZ, S.
LUBMAN, M.
LUCAS, W.
LUNDELL, R.
LUPO, R.
LYONS, R.

McAVOY, J.
McCAFFREY, H.
McCAFFREY, J.
McCARTHY, C.
McCARTHY, J.
McCLAIN, L.
McDEVITT, R.
McDONALD, J.
McDOWALL, W.
McGILLICUDDY, D.
MCKEON, R.
MCLEAN, J.
MCNEILL, W.
MCNUTT, J.
McCLURE, J.
McCOLLIGAN, J.
McDONNELL, J.
McGRATH, J.
MCGURN, G.
MCINTYRE, J.
MCKENNA, F.
McMAHAN, R.
McMANUS, J.
McNAUGHTON, A.
MCVEIGH, R.

MACDERMOTT, A.
MACDOUGALL, J.
MACHNICKI, J.
MADDEN, M.
MADEO, D.
MAGDALINSKI, M.
MAGDAR, P.
MAGY, M.
MAINS, D.
MAIZELLO, F.
MALIBASHKA, W.
MANNING, J.
MARCHESE, G.
MARCOGLIESE, J.
MARIN, E.
MARINO, M.
MARQUARD, F.
MARTIN, FRANCIS
MARTINAC, S.
MARX, M.
MARZELLO, F.
MASSONE, J.
MASTRANGELO, P.
MATTHEWS, L.
MAUS, D.
MAUS, G.
MAZUREK, V.
MAZZONI, A.
MEDER, E.
MEISEL, S.
MELVILLE, C.
MERCER, H.
MERCER, P.

MEYER, R.
MICHINI, D.
MIECZKOWSKI, S.
MIGA, E.
MIHALICS, J.
MILCAREK, E.
MILLER, E.
MITCHELL, J.
MOFFA, J.
MOLL, E.
MONAGHAN, JOHN.
MONAGHAN, JOSEPH
MONTGOMERY, R.
MOORE, R.
MOORE, W.
MORGAN, P.
MORGAN, R.
MOTERN, H.
MOYSELLO, A.
MRASEK, C.
MUENSCH, G.
MUGANIERO, A.
MULLIN, J.
MURPHY, B.
MURPHY, E.
MURPHY, JAMES
MURPHY, JAMES P.
MURPHY, V.
MURRAY, G.
MURTHA, M.

NAEDELE, S.
NAGY, J.
NAGY, M.
NANN, JAMES
NANN, JOSEPH
NAPOLITANO, J.
NASH, R.
NASTACHOWSKI, R.
NATALE, J.
NEISS, DANIEL
NEWBERG, R.
NICHOLSON, J.
NIEDERMEYER, W.
NOONAN, H.
NORFO, A.
NOWICKI, F.
NOWLAND, H.
O'BRIEN, M.
O'BRIEN, T.
O'CONNOR, E.
O'LEARY, J.
OLEWICKI, J.
OLIVANT, W.
OLIVER, F.
OLOCOSKI, J.
O'MARA, J.
ONUSKA, S.
ORTIZ, J.
OSTAPAK, M.

PACZKOWSKI, J.
PAGE, A.
PALAIA, M.
PAUL, G.
PALUSKA, L.
PANZARDI, J.
PAPPAS, P.
PARKER, G.
PARKER, H.
PARKS, J.
PAROLISE, L.

PAYNE, S.
PEART, A.
PECCIA, F.
PELES, C.
PELZ, M.
PEMBERTY, J.
PEPEL, R.
PEREZ, G.
PETERS, G.
PHILLIPS, E.
PIERINI, G.
PIERSON, A.
PIERSON, J.
PIMPINELLA, A.
PINES, S.
PIOTROWSKI, H.
PISTONE, J.
PIZZIRUSSO, A.
PIZZOLATO, P.
PIZZOLATO, V.
PODLESSKI, V.
PODZEB, H.
POLAIA, M.
POLIT, J.
POLITOWSKI, C.
POLLARI, S.
PONDER, R.
POOLE, J.
POTTER, H.
POWERS, W.
PRESS, W.
PRESTON, J.
PRIBULA, J.
PRINCE, O.
PRINDAVILLE, T.
PRITCHETT, J.
PULEIO, V.
PULKOWSKI, W.
PUSATERE, F.
PYDUCK, D.

QUACKENBUSH, R.
QUARANTO, A.
QUIGG, T.
QUIGLEY, P.
QUIGLEY, R.
QUINN, D.
QWANOWSKI, J.

RAFFERTY, J.
RAMSEY, W.
RAU, G.
RAY, H.
RAZZIS, V.
REID, R.
REIDY, M.
REINHEIMER, C.
REISMAN, H.
RENO, R.
REUTER, E.
RHODES, W.
RIBAUDO, R.
RICCIARDI, J.
RICHTER, T.
RIDDLE, C.
RIDDLE, H.
RIMKEVICZ, C.
RITCHEY, S.
RIVIEZZO, L.
RIZZO, F.
ROBB, W.
ROBERTSON, J.
ROBINSON, E.
ROBINSON, J.
ROCCHI, A.
ROCK, H.
RODRIGUEZ, J.
ROGERS, C.

ROLAND, C.
ROSELLI, P.
ROWCROFT, W.
ROWE, R.
ROSENBAUM, L.
RUPPERT, T.
RUSK, B.
RUSSIAN, J.

SACCO, R.
SACHSE, M.
SADLOWSKI, S.
SAN FILLIPPO, L.
SCARANGELLA, J.
SCHACHTEL, A.
SCHAEFER, EDMUND
SCHEIDER, J.

SCHLENTER, R.
SCHEU, O.
SCHMIDT, O.
SCHMITT, F.
SCHMITT, G.
SCHNEIDER, A.
SCHNEIDER, H.
SCHULTZ, H.
SCIARRATTA, S.
SCOFF, A.
SEABOLDT, L.
SEIBEL, G.
SEIDMAN, A.
SELLERS, F.
SHARKEY, H.
SHEA, S.
SHIELDS, D.
SIEBERT, G.
SIELAND, B.
SILVIO, C.
SKACAN, J.
SKACAN, T.
SKEDEL, H.
SKORUSZEWSKI, H.
SMIGIEL, F.
SMITH, STANLEY
SMITH, SYDNEY
SMITH, W.
SMYTH, J.
SNELL, G.
SNYDER, R.
SOJKA, R.
SOKOLSKY, J.
SORENSEN, W.
SORRENTINO, F.
SPARACINO, S.
SPEZIO, J.
STAAK, R.
STALEY, H.
STANKOWITZ, E.
STANTON, J.
STASIK, M.
STEARNS, J.

STEINMAKER, P.
STEWART, W.
STOTLAK, J.
STRAITMAN, F.
STRAWN, H.
STROKOFF, A.
STRUHAR, F.
STURM, H.
SUHRBIER, R.
SULICK, A.
SULLIVAN, R.
SUTHERLAND, A.
SUTHERLAND, F.
SWEENEY, F.

TABACINSKI, C.
TAPLER, J.
TERDICH, H.

THOMAS, G.
THOMAS, R.
THOMPSON, R.
TINNARD, F.
TITONE, S.
TITTEL, H.
TOLSTIK, A.
TONER, J.
TOPPER, R.
TOTH, S.
TROEGNER, W.
TUMOLO, J.
TWIGGS, J.

UNDERHILL, J.
USAK, L.

VADDR, N.
VAN VALKENBURG, H.
VALROSA, A.
VAUGHN, J.
VEIT, B.
VELOZA, G.
VERDIROME, S.
VERSTEER, W.
VIGILANTE, J.
VINCENT, C.
VITALE, L.
VOGEL, B.
VOLZ, C.
VON FRANZKE, P.

WADE, J.
WAGGONER, J.
WALICKI, E.
WALICKI, T.
WALKER, J.
WALSH, E.
WARD, H.
WARD, J.
WASHA, C.
WATT, R.
WELLS, S.
WELLS, W.
WETHERILL, W.
WHITE, R.
WHITEKER, D.
WHITLEY, D.
WILLET, M.
WILLIAMS, A.
WIOCH, T.
WISNIEWSKI, A.
WISNIEWSKI, S.
WITSKOWSKI, E.
WOLFF, H.
WOOD, M.
WORRELL, T.
WORTH, T.
WULLEN, W.

YESS, J.
YOUNG, E.
YOUNG, E. J.

ZAGURSKI, W.
ZANO, W.
ZAVATONE, J.
ZENKEWICH, J.
ZINKAND, W.
ZIPAY, JOHN
ZIPAY, JOSEPH
ZUCHOWSKI, W.
ZUCCARO, R.
ZUCCOLA, N.
ZULLINSKI, E.
ZWOLAK, J.
ZYMROS, J.

1944 ANNUAL REPORT PEPSI-COLA COMPANY

March 26, 1945

To the Stockholders:

The year 1944, although a difficult one for most companies manufacturing a product primarily for consumption under peacetime conditions, was a year of some progress in the affairs of your Company. Although sales were limited by sugar rationing so that most Pepsi-Cola Bottling plants were unable to operate at capacity, the time was used to further solidify the foundations of the bottling organizations and to further prepare the ground for the period ahead when such limitations and restrictions will be removed.

FINANCIAL REVIEW

There is presented herewith a review of the operations of your Company and Subsidiaries for the year 1944, together with a Consolidated Balance Sheet at December 31, 1944, and a summary of Consolidated Income and Earned Surplus for the year then ended, certified by Haskins & Sells, independent certified public accountants.

NET INCOME AFTER ALL TAXES

After providing for taxes including income and excess profits taxes in the United States and foreign countries and figuring on the basis of the excess profits tax base heretofore deemed applicable in the United States, the net income of the Company for the year 1944 was \$5,871,544, or approximately \$1.02 per share on the present outstanding capital stock. This compares with \$6,441,518, or approximately \$1.12 per share for the year 1943, figured on the same number of shares outstanding as of December 31, 1944, for comparative purposes.

As you were advised in the last two annual reports, the Company has made application for a constructive average base period net income for excess profits tax purposes under the provision of Section 722 of the Internal Revenue Code, the so-called special relief section adopted in the Revenue Act, and is in the process of appealing same.

It is, of course, impossible at this time to appraise the probable results of this application. Accordingly, for the purpose of this report, the excess profits tax base for the year 1944 has been computed in accordance with the Revenue Act now in effect without regard to Section 722. The above figures do not include any profits from the Pepsi-Cola Company, Ltd., London, England, a wholly-owned subsidiary. It is estimated that the operation in England will show a profit of approximately \$62,000 for the year, but inasmuch as there are restrictions on exchange in England, no part of this profit has been included in this report.

OPERATING NET PROFIT

The consolidated net profit after all charges and expenses, but before deductions of reserves for United States and Foreign income and excess profits taxes for the year 1944, was approximately \$13,012,320, as compared with \$12,615,734 for the year 1943. In the first few months of the year the Mexican-American Flavors Company,

S.A., Mexico, was liquidated due to a change in United States regulations, and is reflected in the figures above. It is interesting to note that the taxes in 1944 were \$7,141,000, as compared to \$6,174,000 for the previous year.

Below will be found a continuation of the table of comparisons which we have published in the past several annual reports of the operating net profit of the old Pepsi-Cola Company and its subsidiaries for the year 1936 through 1940 and for the present Pepsi-Cola Company since that time. The table below is based on net profits after deducting all charges and expenses, but before the deduction of reserves for United States and Foreign income and excess profits taxes:

1936	\$ 2,083,597.57
1937	3,224,625.72
1938	4,027,513.92
1939	5,952,602.39
1940	8,520,582.31
1941	14,908,224.10
1942	14,775,732.14
1943	12,615,734.47
1944	13,012,320.62

OPERATIONS DURING 1944

As already stated, the year 1944 was a year of further government regulations and restrictions constantly presenting problems. Therefore, it was necessary for the Company to engage in a number of unusual processes to solve as many of these as possible. Of course, the cost of this type of operation is necessarily higher than ordinary well-planned production under normal business conditions. Some of these problems were:

CROWNS:

During the year 1944 the metal available for the manufacture of crowns was limited on a basis of a percentage of that used in the year 1941. Your Company, as you have been previously advised, is the only company in the soft drink industry that manufactures its own crowns. In order to overcome the shortage of crowns your Company set up plants for the sterilizing and reforming of used crowns as well as manufacturing some additional crowns from strips of rejected metal ordinarily not used. Due to these methods, the Pepsi-Cola group was able to overcome the shortage of crowns.

MANPOWER:

As you may judge from the "Honor Roll" on the second page of this report of the men and women of Pepsi-Cola Company who are now in the armed forces the problem of manpower has been difficult, especially when it is realized that the list does not include any employees of the 486 franchised bottlers. In order to ease this situation somewhat women were employed wherever possible.

SUGAR:

During the year 1944 the sugar quota for industrial users was reduced by O.P.A. below that of 1943. The present method of sugar rationing is extremely unfair to those industrial users who had only recently gone into business, and whose plants and organizations did not have time to develop by the year 1941, which is the base period taken as a standard by the Government for sugar rationing, and on which allotments are figured, as compared to older and more established companies which had attained in 1941 a satisfactory volume of business. We have constantly maintained before the office of Price Administration in Washington that such rationing is unfair and monopolistic, giving distinct advantage to the large and older companies as opposed to the younger and smaller industrial users. Thus far we have been unable to prevail on them to establish what we regard as a fair system of allocation of sugar for all industrial users.

The Mexican-American Flavors Company, S.A., which manufactured a beverage syrup and exported it to bottlers in the United States was liquidated in the early part of 1944 due to a change in U. S. Government regulations. Therefore, those Pepsi-Cola bottlers who were able to augment their operations by the purchase of such beverage syrup from the Mexican company no longer could avail themselves of these facilities. This Mexican wholly-owned subsidiary was, therefore, liquidated during the year and its machinery and equipment was disposed of.

A special department has been recently established to work entirely on sugar problems with our Bottlers and in a number of instances has helped the Bottlers to apply for special relief and consideration of their sugar base. Some of these special applications have been recently granted and others are being considered. However, it is to be noted that sugar was the bottleneck for most of the Pepsi-Cola bottlers in the year 1944 and will continue to be in 1945 and as long as sugar rationing continues.

TRANSPORTATION:

Transportation has continued to be a problem for all industrial manufacturers whose product is largely distributed in trucks, because of the shortage of gasoline and tires. Many of our Bottlers used ingenuity in solving these problems by curtailing their deliveries and instead of daily service, gave service two or three times a week at which times larger quantities of Pepsi-Cola were delivered.

It is worth noting that both the retail stores and the consumer have done everything they could to cooperate during these difficult times.



Latest Truck and Trailer—distribution.
(Courtesy of Pepsi-Cola Bottling Company of Spokane, Washington)

INTRODUCTION OF PEPSI-COLA AT THE FOUNTAINS

Your Company continued in a limited way to introduce Pepsi-Cola fountain syrup at the soda fountains in certain parts of the United States. This necessarily will only be a sampling program while sugar rationing is in effect, as the Bottlers who do not have enough sugar to fill the demand for bottled goods will not have sugar to spare to introduce fountain syrup. However, it is heartening to note that wherever Pepsi-Cola fountain syrup has been tried it has met with great public reception.

Therefore, in 1944 the Fountain Department continued to educate the franchised Bottlers in the steps necessary for the development of fountain business so that the preliminary work will be completed and the field ready for a well-rounded and aggressive campaign to put Pepsi-Cola in the fountains of the United States as soon as sugar rationing is removed.

New devices and methods for the selling of Pepsi-Cola at the soda fountains are being devised and tested in order to be ready at that time.

RESEARCH DEPARTMENT

The research organization of your Company was further developed and augmented in the year 1944 in order to explore and study new methods, materials and by-products both at home and abroad. The picture opposite shows part of the work of this department where bottles of Pepsi-Cola from every franchised bottler in the United States are constantly analyzed and tested. These bottles are picked up at random from retail stores in every city and community and sent directly to our laboratory. This is in addition to our regular field force who are constantly in the bottling plants and territories.



Section of Pepsi-Cola's Laboratory.

CUBAN SUGAR COMPANY

The year 1944 was the first full year of operation of the recently acquired sugar plantation, mill and refinery in Cuba, under your Company's management. This plantation, as you have been previously advised, consists of about 77,000 acres of sugar land, a sugar mill, refinery, warehouse and storage facilities as well as sugar tanks, railroad system, engines, etc. Approximately 30,000 Cubans live on this prop-

erty. This Company operated successfully during 1944, selling its entire output (as required by the agreement between the United States and Cuba) to the Cuban Government at the established prices. It has also recently developed a small distillery for the manufacture of alcohol.

This company fills an important place in the well-rounded, integrated development of the Pepsi-Cola Company and its Bottlers in the years to come. Your Company is the only company in the soft drink field that has its own sugar plantation and refinery in Cuba and its own sugar refinery in the United States. This should enable it to be more flexible and efficient in the handling of one of the most important basic ingredients used in the manufacture of its product.



Cutting Sugar Cane at the Matanzas' Plantation in Cuba.

PEPSI-COLA'S COMMUNAL ACTIVITIES

Your Company believes strongly that it should help as far as possible in the civic activities of the communities in which it lives and operates. It feels that industry can be of great assistance in helping these communities, not only during these difficult times, but in endeavoring to help them solve some of their problems in ordinary times, and to demonstrate in actions that the Pepsi-Cola group appreciate the confidence in Pepsi-Cola of these communities and their people and want to work with them for further progress.

SERVICEMEN'S CENTERS:

The three large centers maintained by your Company affording free facilities to all enlisted men and women have been most active during the year 1944. Over 7,000,000 military personnel used their facilities in that period. As you probably are aware, these centers are in the following cities:

NEW YORK, N. Y.

SAN FRANCISCO, CAL.

WASHINGTON, D. C.

They provide the enlisted men and women of the various military services with free checking, free bathing and shaving facilities, information, and a place where they can read, write play games or rest before making their rounds of the city. Even free Pepsi-Cola is given to them. The Centers are manned largely by volunteers and their facilities help to ease the problems in the congested cities.



Army Chaplain performing wedding ceremony at a Pepsi-Cola Service Center.

PEPSI-COLA JUNIOR CLUBS:

Recently Pepsi-Cola has experimented in opening in New York City a few junior canteens for the benefit of the teen-age boys and girls who live in heavily populated areas. These junior clubs are an example of self-government by the teen-agers themselves under the supervision of paid recreation directors. The communities have suggested that such clubs will be most useful during this period of uncertainty and lack of home supervision for a lot of the young people. If this experiment is successful, it may be extended by our franchised bottlers to their communities where need may be found to exist.

CONTEST FOR AMERICAN ARTISTS:

In 1944 your Company started an art competition known as "Portrait of America" with appropriate prizes, open to all American artists, with the understanding that the winners of the contest would have their paintings reproduced on the Pepsi Cola calendar. Copies of this calendar have been sent to all stockholders.

It is interesting to note that around 5,000 canvases were submitted from artists in every state in the Union except Wyoming. The top 150 pictures selected by a jury of museum directors, art critics and outstanding artists, are being exhibited in some of the more important museums of the country. The contest has been quite successful as a beginning and will be continued in the years to come. It is expected that the rules, regulations and results will be improved as more experience is had in the running of the competition.



Walter S. Mack, Jr., President of the Pepsi-Cola Company, presents the first prize award to Waldo Peirce for his painting, "Maine Swimming Hole."

PEPSI-COLA SCHOLARSHIP PROGRAM:

Most recently the Company has established scholarships open to all high school seniors throughout the country. A national committee has been formed known as the "National Administrative Board for Pepsi-Cola Scholarships" and consisting of the following members:

Professor Floyd W. Reeves, Chairman
University of Chicago

Mr. Herman L. Donovan,
President, University of Kentucky

Mr. Milton S. Eisenhower,
President, Kansas State College

Mr. Paul Elicker, Executive Secretary,
National Association of Secondary School Principals

Dr. Alvin C. Eurich,
Vice President, Stanford University

Mr. Henry T. Heald,
President, Illinois Institute of Technology

Mr. Mordecai Johnson,
President, Howard University

Mr. Walter S. Mack, Jr.,
President, Pepsi-Cola Company

Professor Marjorie H. Nicolson,
Columbia University, and President, Phi Beta Kappa

Mr. Paul A. Rehmus,
Superintendent of Schools, Lakewood, Ohio

Professor John M. Stalnaker,
Princeton University

This committee will determine policies in supervising the handling of this scholarship program, which consists of two scholarships for each state in the United States with an additional Negro scholarship for each state having a separate Negro educational system. The plan provides that the winners of the scholarships in each state will have their full tuition paid and \$25.00 a month in addition to help defray living expenses while at college.

The method of choosing the winners and the details of the plan have been very thoroughly worked out by the National Committee and the program becomes effective with an examination which will be given this spring under the auspices of the College Entrance Examination Board. The program has been received with considerable enthusiasm, not only by those interested in education, but by the high school seniors throughout the United States.

PLANS FOR THE FUTURE

DURING THE WAR PERIOD:

It is impossible at this stage to forecast with any degree of accuracy the further duration of the full war economy. However, it is hoped that the European phase of the war will be over in a matter of months, and it is expected that the Pacific war will be somewhat longer. During this period the Company will continue to manufacture every bottle of Pepsi-Cola and syrup that it can under existing rationing regulations and restrictions. At the same time it will constantly perfect its plans for the expansion of its business just as soon as regulations and facilities permit.

During this period the following improvements are being perfected:

- (a) A new crown, improved both in appearance and material.
- (b) A permanent color applied label in place of the paper label now used.
- (c) Improved equipment and methods of handling and dispensing fountain syrup at the soda fountains.
- (d) Improved signs for display purposes, both in material and appearance.
- (e) New and improved Pepsi-Cola coolers and vending machines made under exclusive contract with the General Electric Company.
- (f) Improved bottling machines and various containers for general use.



Although stationed away from home, U. S. soldiers in Iceland still enjoy Pepsi-Cola.

IN THE POST-WAR PERIOD:

(A) In the United States:

Many of the franchised bottlers in the United States have found the demand for Pepsi-Cola so great that they not only need additional bottling machinery in their existing plants, but in a great many instances additional plants in their territories. Plans for the erection of these buildings have already been drawn up and in many cases the property has been purchased by them. Orders for new and additional bottling machinery, trucks and equipment have already been placed with the manufacturers to be delivered as soon as possible after the war ends.

Under this expansion program by the Pepsi-Cola Bottlers, many new plants will be erected in the first two years after the war. This will result in greater productive capacity for the present Bottlers as well as better service to their customers.

In addition, the Bottlers have made arrangements to immediately start on the



A modern Pepsi-Cola Plant of one of the Franchise Bottlers.

manufacture and distribution of fountain syrup in their respective territories. The equipment necessary for such a program has been worked out and should be available for the bottlers at that time.

(B) In Foreign Markets:

(1) After the war new machinery and equipment will be shipped to the new franchised bottlers in South and Central America which should with reasonable promptness, therefore, start the development of the sales and merchandising of Pepsi-Cola throughout these countries where it has never been before. Orders have been placed for this machinery and plans have in most cases been worked out and completed. Over 100 new Pepsi-Cola plants will be franchised and opened in foreign markets as quickly as machinery is available. Therefore, the development of Pepsi-Cola in South and Central America should be reasonably rapid.

(2) Pepsi-Cola Company, Ltd., London, England, a wholly-owned subsidiary has been busy supplying Pepsi-Cola to the armed forces in England during the war. Although profits from it have never been included in your statement due to exchange restrictions, in the post-war period this company will be the nucleus for the expansion and development of Pepsi-Cola in many countries and colonies closely allied to Great Britain, as well as for the development of Pepsi-Cola in England proper which had only just started when the war broke out.

The further development of Pepsi-Cola throughout Europe and Asia will be started just as soon as those countries are sufficiently stabilized politically and financially ready for such business.

* * * * *

There are two or three questions that are asked frequently by stockholders and that are of sufficient common interest to include here:

(1) What are the prospects, in our opinion, for more sugar in 1945 and 1946 even if the war continues during those periods?

Answer: It appears at the present time as if sugar rationing for industrial users during the year 1945 will be on the basis of somewhere between 65% and 75%. Therefore, sugar will continue to be the bottleneck for Pepsi-Cola in 1945. However, in regard to 1946 it now appears that the world crop, due to a very heavy planting in Cuba, South and Central America, will be one of the largest in history. It is our opinion, that in 1946 sugar will be much less of a problem.

(2) What are the prospects for increased net earnings for Pepsi-Cola in the near future?

Answer: Under present tax regulations increased net earnings are almost entirely a tax problem for your Company as tax rates are so high and your Company's excess-profits tax base so low. Due to the fact that Pepsi-Cola has been a rapidly growing company in the years prior to the war, it has had a poor excess profits tax base. The chances for increased earnings after taxes, therefore, are mostly limited to either (a) relief being granted the Company on its application under Section 722 of the existing

Revenue Act, for special consideration under this relief clause, or (b) modification of the present tax rates. As to (a), it is difficult at this time to advise what relief will be granted under Section 722 as the tax department is presently working on the appeal of this application. In regard to (b) the question of the reduction or elimination of the excess profits tax rates, which are extremely severe on the earnings of your Company, it is generally believed that such rates will be changed and reduced, if not completely eliminated, after the war is over as was done after the last World War. This will materially improve the net earnings of your Company.

(3) What are the prospects for expansion in sales of Pepsi-Cola Company?

Answer: The demand for the big bottle of Pepsi-Cola, both in the United States and other parts of the world, is great. During the period of sugar rationing and restrictions on manufacture of machinery, the likelihood of supplying this demand is limited to the amount of sugar available for plants now in existence. As soon as sugar becomes more plentiful for industrial users, the sales of Pepsi-Cola will reflect such improvement in these bottling plants. In the post-war period, when both raw materials, such as sugar and supplies, and machinery and equipment for new and additional plants in the United States, are available, there should be considerable improvement, not only in bottled goods, but in the sales and development of the new fountain syrup department.

In regard to sales in foreign markets, they will be developed at such time as bottling machinery and equipment are again manufactured and can be shipped to bottlers in these foreign markets who are anxiously awaiting equipment to start Pepsi-Cola in their territories. Therefore, sales in these new foreign countries will be developed as soon as new machinery and equipment are available.

* * * * *

Your Company looks forward with confidence to aggressively holding its position during the further course of the war and to the further development and expansion of Pepsi-Cola in the period to follow.

Respectfully submitted,

WALTER S. MACK, JR.
President

PEPSI-COLA COMPANY
(Incorporated in Delaware)
AND SUBSIDIARIES
(Other Than The British Subsidiary)

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1944

ASSETS

CURRENT ASSETS:

Cash on hand and demand deposits.....		\$ 6,626,338.31
Notes and accounts receivable:		
Notes receivable	\$ 48,006.29	
Accounts receivable:		
Customers	667,163.98	
Other	535,418.13	
Total	\$1,250,588.40	
Less reserve for doubtful receivables.....	115,106.64	1,135,481.76
United States and Canadian Government obligations (at cost)		150,318.00
Inventories — (see Note 1)		
Finished and in-process (sugar inventory of a Cuban subsidiary of approximately \$563,000 pledged as collateral to bank loan).....	\$1,900,248.76	
Raw materials and supplies.....	4,517,890.29	6,418,139.05
Total current assets.....		\$14,330,777.12

INVESTMENTS AND MISCELLANEOUS ASSETS:

Special deposits on future equipment purchases.....	\$ 233,955.85	
Investment in and advances to wholly-owned British subsidiary (less reserve) (see Note 2)	110,995.65	
Notes and accounts receivable — not current.....	400,982.32	
Real estate mortgage receivable.....	386,000.00	
Post-war refund of United States and Canada excess profits taxes (estimated)	1,410,996.37	
Other	223,931.07	
Total investments and miscellaneous assets.....		2,766,861.26

PROPERTY, PLANT, AND EQUIPMENT:

Land, buildings, equipment, leasehold improvements, etc. — at cost (less reserve for depreciation and amortization, \$3,813,453.84)	\$8,188,278.83	
Bottles, cases, and barrels on hand and with trade (at estimated depreciated values)	1,863,431.57	
Total property, plant, and equipment (net).....		10,051,710.40

DEFERRED DEBIT ITEMS:

Prepaid insurance and taxes.....	\$ 226,628.68	
Advertising materials and expenses, etc.....	284,197.85	
Expenses applicable to 1945 sugar crop in Cuba.....	304,461.37	
Other	137,737.52	
Total deferred debit items.....		953,025.42

TRADE-MARKS, FORMULAS AND GOODWILL (at nominal value).....		1.00
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TOTAL		<u>\$28,102,375.20</u>
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PEPSI-COLA COMPANY

(Incorporated in Delaware)

AND SUBSIDIARIES

(Other Than The British Subsidiary)

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1944

LIABILITIES

CURRENT LIABILITIES:

Loan payable to bank (loan of a Cuban subsidiary — a portion of its sugar inventory pledged as collateral).....	\$ 355,886.44	
Accounts payable and accrued.....	1,961,933.72	
Accrued taxes — estimated (see Note 3):		
United States and foreign income and excess profits taxes	\$8,096,580.77	
Less United States Treasury tax notes.....	5,823,112.50	2,273,468.27
Other taxes	1,131,312.49	
Portion of payments chargeable to general reserve estimated to be payable within one year (see below).....	150,000.00	
Settlement and service contract payable.....	26,500.00	
Total current liabilities (exclusive of customers' deposits on bottles, cases, and barrels as stated in next item below).....		\$ 5,899,100.92

CUSTOMERS' DEPOSITS ON BOTTLES, CASES, AND BARRELS.....	901,783.63
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DEFERRED LIABILITIES:

Settlement and service contract payable, less portion payable within one year shown as a current liability.....	\$ 106,000.00	
Liens (Censos) on certain properties in Cuba.....	134,129.21	
Total deferred liabilities.....		240,129.21

RESERVES:

General reserve (for contingent liabilities existing at July 31, 1939, for rentals on leases in excess of fair rental values as of that date, and for losses on settlement of such leases) — (less \$150,000.00 estimated to be payable within one year shown as a current liability) — (see Note 4)....	\$ 562,703.68	
Reserve for contingent taxes, losses, etc. (see Note 5).....	3,045,455.74	
Total reserves		3,608,159.42

CAPITAL STOCK AND SURPLUS:

Capital stock — Authorized 7,500,000 shares of .33 $\frac{1}{3}$ ¢ each; issued and outstanding 5,752,659.57 shares (including 655.80 shares in Treasury — see below) (see Note 6).....	\$ 1,917,553.19	
Capital surplus	4,766,701.06	
Earned surplus (since August 1, 1939).....	10,779,697.77	
Total	\$17,463,952.02	
Less treasury stock (655.80 shares, at cost).....	10,750.00	17,453,202.02

Notes 1 to 6 on the next pages following are an integral part of this balance sheet.

TOTAL	<u>\$28,102,375.20</u>
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PEPSI-COLA COMPANY AND SUBSIDIARIES

(Other Than The British Subsidiary)

NOTES TO CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1944

1. The inventories are stated on the basis of average cost which at December 31, 1944 was not in excess of market. In accordance with the accounting procedures followed by the companies, raw materials and supplies are charged to manufacturing and other expenses on the basis of average purchase cost (and cost of goods sold is computed on the basis of the average manufacturing costs) without recognition in the income account of any market declines since such declines are ordinarily without effect upon the stabilized sales prices of their products. Where any such market declines are of material amount, however, it is the practice to provide a reserve therefor out of surplus for the purpose of conservative treatment in the balance sheet.

2. Foreign subsidiaries:

The current assets and liabilities and the total assets and liabilities of foreign subsidiaries included in the consolidated balance sheet at December 31, 1944, are as follows:

	<i>Current</i>		<i>Total</i>	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
Canadian subsidiary	\$1,337,942	\$ 393,263	\$1,891,001	\$ 396,299
Cuban subsidiaries	2,258,299	1,109,648	6,134,080	1,281,433
Mexican subsidiaries	177,910	47,039	376,757	181,033

The assets and liabilities of these subsidiaries are included in the consolidated balance sheet on the following basis: the current assets and liabilities of the Canadian subsidiary have been converted into United States dollars at the Canadian official rate of exchange at December 31, 1944, and those of the Cuban and Mexican subsidiaries at the current rate of exchange at December 31, 1944; their other assets and liabilities have been included at amounts which reflect their United States dollar equivalent at the time of acquisition or origin.

The assets and liabilities of the British subsidiary have not been included in the consolidated balance sheet inasmuch as conditions prevailing in Europe make it impossible to estimate what the ultimate effect will be upon the property and business interests of this subsidiary. The investment in and advances to this subsidiary, \$110,995.65 (after deducting the reserve), represent approximately the net equity in this subsidiary as of December 31, 1940. An increase in such net equity as a result of profits subsequent to 1940 of approximately \$267,000 has not been reflected in the investment account for the same reason given above for not including this subsidiary in the consolidation.

3. The accrual of United States income and excess-profits taxes has been made on a basis deemed to be conservative for purposes of the financial statements at December 31, 1944, and may or may not prove to be excessive depending upon the ultimate determination of the appropriate excess-profits credits to which the companies are entitled in computing their excess-profits tax. In addition to other undetermined matters, the Company filed an application for an increase in its excess-profits credit under the relief provisions of the

1942 Revenue Act. The Treasury Department has denied the application but the Company intends to appeal this decision. However, any possible relief that the Company might eventually obtain in this connection has not been considered in computing the tax liability for the current or prior years.

4. In 1939 a general reserve in the amount of \$3,000,000.00 was provided for known and unknown contingent liabilities existing at July 31, 1939, for rentals on leases of former Loft stores in excess of the approximate fair rental values as of that date of the premises covered by such leases, and for losses on settlement of such leases. As of July 31, 1940, based upon a review of the then known contingent liabilities and leasehold commitments, the Board of Directors increased the general reserve by a transfer thereto of \$1,489,831.90 from capital surplus. Charges to the reserve from August 1, 1939 to December 31, 1944 amounted to \$3,777,128.22, as shown below:

August 1, 1939 to December 31, 1943.....	\$3,465,352.34
Year 1944	311,775.88
Total.....	<u>\$3,777,128.22</u>

It is estimated that approximately \$150,000 of the balance of \$712,703.68 remaining in the reserve at December 31, 1944 may be applied within one year from that date, and therefore has been classified in the balance sheet as a current liability.

Known contingent liabilities as of December 31, 1944 against which this general reserve has been provided, include the following undetermined matters:

- (a) The amount by which the rentals called for by leases in existence at July 31, 1939, or lump-payment settlements of certain such leases, will exceed the future income from subleases on the respective leased premises.
 - (b) An undetermined amount of attorneys' fees and expenses in connection with the matters referred to in this Note.
5. In addition to the contingent liabilities mentioned under Note 4, the Treasury Department has proposed an additional assessment of Federal income taxes for the year 1941, but the Company does not admit the liability and is contesting the alleged deficiency. The reserve for contingent taxes, etc., at December 31, 1944 includes an amount deemed sufficient to cover this contingent liability.
 6. Pursuant to a resolution adopted at the annual meeting of stockholders held on April 26, 1944, the Company granted to Walter S. Mack, Jr., President of the Company, an option to purchase up to 45,000 shares of the authorized and unissued capital stock of the Company of the par value of $33\frac{1}{3}$ cents each at $\$16\frac{7}{8}$ per share. The option is subject to the provisions of an agreement dated July 12, 1944 and is exercisable as follows: All or any part of 6,000 shares at any time between April 26, 1946 and December 31, 1948; all or any part of an additional 9,000 shares at any time between April 26, 1947 and December 31, 1948; all or any part of an additional 15,000 shares at any time between April 26, 1948 and December 31, 1948; all or any part of an additional 15,000 shares at any time for a period of 30 days after April 26, 1949.

PEPSI-COLA COMPANY AND SUBSIDIARIES

(Other Than The British Subsidiary)

SUMMARY OF CONSOLIDATED INCOME AND EARNED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1944

GROSS PROFIT ON SALES.....	\$26,716,125.69
ADVERTISING, SELLING, SHIPPING, GENERAL AND ADMINISTRATIVE EXPENSES.....	13,731,587.64
PROFIT FROM OPERATIONS.....	\$12,984,538.05
OTHER INCOME	341,716.75
GROSS INCOME	\$13,326,254.80
INCOME CHARGES	313,934.18
NET INCOME BEFORE DEDUCTING PROVISIONS FOR INCOME TAXES.....	\$13,012,320.62
PROVISIONS FOR INCOME TAXES — Estimated (see balance sheet Notes 3 and 5) :	
United States normal income and surtaxes.....	\$2,492,918.45
United States excess profits taxes (after deducting post-war refund).....	3,775,653.73
Provision for contingent taxes.....	155,000.00
Foreign taxes	717,204.27
	7,140,776.45
NET INCOME	\$ 5,871,544.17
EARNED SURPLUS, JANUARY 1, 1944.....	9,698,580.60
Total	\$15,570,124.77
DIVIDENDS PAID — \$2.50 a share on old shares (paid as follows: April 22, 50 cents; July 27, 50 cents; October 15, 50 cents; December 5, \$1.00).....	4,790,427.00
EARNED SURPLUS, DECEMBER 31, 1944.....	<u>\$10,779,697.77</u>

NOTES:

1. The net income of subsidiaries in Canada, Cuba, and Mexico amounting to \$1,620,852.42 is included in the above consolidated net income. The British subsidiary, whose income amounted to approximately \$62,000 for the year 1944, is not included in the consolidation.

The income and expenses of the Canadian subsidiary have been converted into United States dollars at the official rate of exchange and those of the Cuban and Mexican subsidiaries at the approximate average rate of exchange prevailing during the year, except as to the provision for depreciation which has been converted for all of the companies at rates prevailing at time of acquisition of the related assets.

2. The provision for depreciation charged to manufacturing and other expense accounts for the year 1944 amounted to \$808,170.71.

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

67 BROAD STREET
NEW YORK 4

ACCOUNTANTS' CERTIFICATE

PEPSI-COLA COMPANY:

We have examined the consolidated balance sheet of Pepsi-Cola Company and its subsidiaries (other than the British subsidiary) as of December 31, 1944 and the related summary of consolidated income and earned surplus for the year ended that date, have reviewed the accounting procedures of the companies (other than the Canadian subsidiary), and have examined the accounting records and other evidence in support of such financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all auditing procedures we considered necessary, which procedures were applied by tests to the extent we deemed appropriate in view of the systems of internal control. As to the Canadian subsidiary, we have examined a report of chartered accountants, and the figures included in the accompanying statements with respect to this subsidiary are derived from such report. The total assets of this subsidiary amount to approximately 7% of the consolidated total, and its gross profit on sales and net income for the year were approximately 5% and 8%, respectively, of the consolidated totals. The accounts of the British subsidiary have been examined by us for the year 1944, but have not been included in the consolidated statements as explained in Note 2 to the consolidated balance sheet.

In our opinion, which as to the Canadian subsidiary is based upon the report of other accountants as above mentioned, the accompanying consolidated balance sheet and the related summary of consolidated income and earned surplus, with the footnotes thereon, fairly present the financial condition of the companies at December 31, 1944, and the results of their operations for the year ended that date, in conformity with generally accepted accounting principles and practices applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

New York,

March 24, 1945.

DIRECTORS

JAMES W. CARKNER	WALTER S. MACK, JR.
WALTER W. COLPITTS	HERMAN SHULMAN
EDWARD A. LE ROY, JR.	HERBERT M. SINGER
HARRAL S. TENNEY	ARTHUR T. VANDERBILT

OFFICERS

WALTER S. MACK, JR.	<i>President</i>
JOHN P. CLARKIN.	<i>Vice-President</i>
WILLIAM B. FORSYTHE.	<i>Vice-President</i>
TALBOT O. FREEMAN.	<i>Vice-President</i>
GEORGE M. O'NEIL.	<i>Vice-President</i>
J. WILLARD PIPES.	<i>Vice-President</i>
MILWARD W. MARTIN.	<i>Secretary</i>
JOSEPH A. MURPHY.	<i>Treasurer</i>
THOMAS E. O'CALLAGHAN.	<i>Asst. Secretary</i>
WALTER W. MASTERS.	<i>Asst. Treasurer</i>

AUDITORS

HASKINS & SELLS
Certified Public Accountants

TRANSFER AGENTS

THE MARINE MIDLAND TRUST COMPANY OF NEW YORK
New York, N. Y.

THE FIRST NATIONAL BANK OF NEW JERSEY
Jersey City, N. J.

REGISTRAR

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK
New York, N. Y.

GENERAL OFFICE

47-51 33rd Street, Long Island City 1, N. Y.



(THIS ENTIRE REPORT WAS LAID OUT
AND PRINTED IN THE COMPANY'S OWN SHOP)



PEPSI-COLA AT THE CROSSROADS OF THE WORLD
Times Square, New York City

